

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## CHEN HSONG HOLDINGS LIMITED

震雄集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00057)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

#### FINANCIAL HIGHLIGHTS

	For the six months ended 30 September		Change
	2024 (Unaudited)	2023 (Unaudited)	
<b>RESULTS HIGHLIGHTS (HK\$'000)</b>			
Revenue	1,208,819	1,002,400	21%
Profit before tax	78,997	63,722	24%
Profit attributable to equity holders of the Company	65,160	50,501	29%
Total assets	4,335,067	3,925,071	10%
Shareholders' equity	3,094,076	2,935,393	5%
Issued share capital	63,053	63,053	0%
Net current assets	2,023,307	1,926,849	5%
<b>PER SHARE DATA</b>			
Basic earnings per share (HK cents)	10.3	8.0	29%
Cash dividends per share (HK cents)	3.8	3.0	27%
Net assets per share (HK dollars)	4.9	4.7	4%
<b>KEY FINANCIAL RATIOS</b>			
Return on average shareholders' equity (%)	2.1	1.7	24%
Return on average total assets (%)	1.5	1.3	15%

#### INTERIM RESULTS

The board of directors (the "Board") of Chen Hsong Holdings Limited (the "Company") announces that the unaudited consolidated profit attributable to equity holders of the Company for the six months ended 30 September 2024 amounted to HK\$65,160,000, as compared with the profit attributable to equity holders of HK\$50,501,000 for the corresponding period of last year. Basic earnings per share for the six months ended 30 September 2024 was HK10.3 cents, as compared with the basic earnings per share of HK8.0 cents for the corresponding period of last year. These unaudited interim results have been reviewed by the Company's Audit Committee.

**CONDENSED CONSOLIDATED INCOME STATEMENT***For the six months ended 30 September 2024*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2024</b>	<b>2023</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>REVENUE</b>	2	<b>1,208,819</b>	1,002,400
Cost of sales		<b>(931,845)</b>	(755,902)
Gross profit		<b>276,974</b>	246,498
Other income and gains, net		<b>38,732</b>	61,377
Selling and distribution expenses		<b>(125,390)</b>	(120,670)
Administrative expenses		<b>(69,001)</b>	(75,179)
Other operating expenses, net		<b>(42,387)</b>	(47,719)
Finance costs		<b>(471)</b>	(639)
Share of profits less losses of associates		<b>540</b>	54
<b>PROFIT BEFORE TAX</b>	3	<b>78,997</b>	63,722
Income tax expense	4	<b>(15,160)</b>	(13,223)
<b>PROFIT FOR THE PERIOD</b>		<b>63,837</b>	50,499
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the Company		<b>65,160</b>	50,501
Non-controlling interests		<b>(1,323)</b>	(2)
		<b>63,837</b>	50,499
<b>EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO EQUITY HOLDERS</b>			
<b>OF THE COMPANY</b>	6		
Basic ( <i>HK cents</i> )		<b>10.3</b>	8.0
Diluted ( <i>HK cents</i> )		<b>10.3</b>	8.0

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>63,837</b>	<b>50,499</b>
<b>OTHER COMPREHENSIVE INCOME/(EXPENSES)</b>		
<i>Other comprehensive income/(expenses) that may be reclassified to the income statement in subsequent periods:</i>		
Exchange differences:		
Exchange differences on translation of foreign operations	1,648	(118,185)
Share of other comprehensive income/(expenses) of associates	188	(1,344)
Net other comprehensive income/(expenses) that may be reclassified to the income statement in subsequent periods	1,836	(119,529)
<i>Other comprehensive income that will not be reclassified to the income statement in subsequent periods:</i>		
Actuarial gains on defined benefit obligations	160	123
<b>OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD</b>	<b>1,996</b>	<b>(119,406)</b>
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD</b>	<b>65,833</b>	<b>(68,907)</b>
<b>ATTRIBUTABLE TO:</b>		
Equity holders of the Company	67,086	(68,203)
Non-controlling interests	(1,253)	(704)
	<b>65,833</b>	<b>(68,907)</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 30 September 2024*

		<b>30 September 2024 (Unaudited) Notes</b>	31 March 2024 (Audited)
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		549,428	551,750
Investment properties		383,014	388,071
Right-of-use assets		55,709	58,120
Goodwill		51,905	51,905
Intangible assets		2,256	2,648
Investments in associates		25,335	24,607
Deferred tax assets		30,817	31,065
Deposits for purchases of items of property, plant and equipment		4,532	5,474
Trade and bills receivables	7	90,151	86,214
Defined benefit assets		5,160	4,764
Total non-current assets		<u>1,198,307</u>	<u>1,204,618</u>
<b>CURRENT ASSETS</b>			
Inventories		752,664	694,637
Trade and bills receivables	7	1,346,701	1,232,090
Deposits, prepayments and other receivables		143,086	137,119
Finance lease receivables	8	487	1,610
Pledged bank deposits		30,349	47,899
Cash and bank balances		863,473	825,777
Total current assets		<u>3,136,760</u>	<u>2,939,132</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	9	783,771	623,110
Other payables, accruals and contract liabilities		288,218	290,667
Lease liabilities		3,429	3,429
Tax payable		38,035	36,746
Total current liabilities		<u>1,113,453</u>	<u>953,952</u>
<b>NET CURRENT ASSETS</b>		<u>2,023,307</u>	<u>1,985,180</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,221,614</u>	<u>3,189,798</u>
<b>NON-CURRENT LIABILITIES</b>			
Other payables and accruals		10,399	11,195
Lease liabilities		11,884	13,910
Deferred tax liabilities		89,969	90,624
Total non-current liabilities		<u>112,252</u>	<u>115,729</u>
<b>NET ASSETS</b>		<u>3,109,362</u>	<u>3,074,069</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)**As at 30 September 2024*

	<b>30 September 2024 (Unaudited) HK\$'000</b>	31 March 2024 (Audited) HK\$'000
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Issued share capital	63,053	63,053
Reserves	<u>3,031,023</u>	<u>2,994,477</u>
	<b>3,094,076</b>	<b>3,057,530</b>
<b>Non-controlling interests</b>	<u>15,286</u>	<u>16,539</u>
<b>TOTAL EQUITY</b>	<u><u>3,109,362</u></u>	<u><u>3,074,069</u></u>

**NOTES:**

**1. ACCOUNTING POLICIES**

The unaudited condensed interim financial statements of the Company and its subsidiaries (the “Group”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The accounting policies and basis of preparation adopted in the preparation of these condensed interim financial statements are consistent with those set out in the Group’s audited financial statements for the year ended 31 March 2024, except that the Group has adopted, for the first time for the current period’s condensed interim financial statements, the following revised Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations (hereinafter collectively referred to as the “revised HKFRSs”) issued by the HKICPA that are effective for the accounting period commencing on 1 April 2024:

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The above revised HKFRSs have no significant financial effect on these condensed interim financial statements and there have been no significant changes to the accounting policies applied in these condensed interim financial statements.

The HKICPA has also issued a number of new and revised HKFRSs which are not yet effective for the current reporting period. The Group has not early adopted those new and revised HKFRSs in these condensed interim financial statements. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application, but is not yet in a position to state whether these new and revised HKFRSs would have significant impact on the Group’s financial performance and financial position.

## 2. REVENUE AND OPERATING SEGMENT INFORMATION

The Group's revenue from contracts with customers is related to the sale of plastic injection moulding machines and related products, and all the revenue is recognized at a point in time when control of goods is transferred to customers generally on delivery of the goods.

The Group is principally involved in the manufacture and sale of plastic injection moulding machines and related products. For management purposes, the Group is organized into business units based on the locations of customers and has three reportable operating segments as follows:

- (i) Mainland China and Hong Kong;
- (ii) Taiwan; and
- (iii) Other overseas countries.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, unallocated income and gains, non-lease-related finance costs, share of profits less losses of associates, and corporate and unallocated expenses are excluded from such measurement.

There are no significant sales between the reportable operating segments.

Disaggregation of revenue from contracts with customers by locations of customers, as well as revenue and results information for the Group's operating segments for the periods ended 30 September 2024 and 2023 is as follows:

	Segment revenue		Segment results	
	from external customers		Six months ended	
	Six months ended		30 September	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mainland China and Hong Kong	890,834	726,760	78,883	62,900
Taiwan	21,441	17,805	(4,848)	(2,993)
Other overseas countries	296,544	257,835	11,689	16,233
	<u>1,208,819</u>	<u>1,002,400</u>	<u>85,724</u>	<u>76,140</u>

### Reconciliation of results of operating segments to profit before tax is as follows:

Operating segment results	85,724	76,140
Unallocated income and gains	14,808	9,759
Corporate and unallocated expenses	(22,075)	(22,161)
Finance costs (other than interest on lease liabilities)	-	(70)
Share of profits less losses of associates	540	54
Profit before tax	<u>78,997</u>	<u>63,722</u>

### 3. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold	931,845	755,902
Depreciation of property, plant and equipment	26,441	26,217
Depreciation of right-of-use assets	2,435	3,111
Amortization of intangible assets	402	416
Loss/(gain) on disposal of items of property, plant and equipment	34	(899)
Write-off of items of property, plant and equipment	1,428	666
Write-back of impairment of trade receivables, net	(1,458)	(1,520)
Write-back of provision for inventories, net	(26)	(5,408)
Fair value losses on investment properties	6,993	-
Foreign exchange differences, net	8,917	(6,014)
Interest income	(14,762)	(9,637)
Finance lease interest income	(46)	(122)
	<u>          </u>	<u>          </u>

### 4. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current:		
Charge for the period		
Hong Kong	-	-
Elsewhere	12,831	9,585
Underprovision in prior periods	3,052	1,140
Deferred	(723)	2,498
	<u>          </u>	<u>          </u>
Tax charge for the period	<u>15,160</u>	<u>13,223</u>



## 5. DIVIDENDS

<b>Six months ended</b>	
<b>30 September</b>	
<b>2024</b>	<b>2023</b>
<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>

Dividends paid during the period:

Final in respect of the financial year ended 31 March 2024

- HK\$0.050 (2023: HK\$0.073) per ordinary share	<u><b>31,527</b></u>	<u><b>46,029</b></u>
--	----------------------	----------------------

The Board has declared the payment of an interim dividend of HK\$0.038 (2023: HK\$0.030) per ordinary share for the six months ended 30 September 2024 totalling HK\$23,960,000 (2023: HK\$18,916,000). These condensed interim financial statements do not reflect the interim dividend payable.

## 6. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share is based on the Group's profit attributable to equity holders of the Company for the period of HK\$65,160,000 (2023: HK\$50,501,000) and on the weighted average number of ordinary shares of 630,531,600 (2023: 630,531,600) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 September 2024 and 2023 in respect of a dilution as the exercise price of the share options of the Company outstanding during the periods is higher than the average market price of the Company's ordinary shares and, accordingly, such share options held have no dilutive effect on the basic earnings per share amounts presented.

## 7. TRADE AND BILLS RECEIVABLES

		<b>30 September 2024</b>	31 March 2024
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade receivables		<b>1,082,889</b>	1,098,568
Impairment		<b>(85,304)</b>	(86,938)
Trade receivables, net	<i>(a)</i>	<b>997,585</b>	1,011,630
Bills receivable	<i>(b)</i>	<b>439,267</b>	306,674
Total trade and bills receivables		<b>1,436,852</b>	1,318,304
Portion classified as non-current portion		<b>(90,151)</b>	(86,214)
Current portion		<b>1,346,701</b>	1,232,090

Trading terms with customers are either cash on delivery, bank bills or on credit. The Group grants credit to customers based on their respective business strength and creditability, with credit periods of 30 days to 180 days in general. The Group adopts strict control policies over credit terms and receivables that serve to minimize credit risk.

In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances. Except for the trade receivables of HK\$100,864,000 as at 30 September 2024 (31 March 2024: HK\$93,126,000) which are interest-bearing at an average interest rate of 6.2% (31 March 2024: 6.2%) per annum and with credit periods of 18 months to 36 months (31 March 2024: 18 months to 36 months) in general, the remaining trade and bills receivables are non-interest-bearing.

As at 30 September 2024, the Group has pledged bills receivable of HK\$118,131,000 (31 March 2024: HK\$73,307,000) to secure the issuance of bank acceptance notes, included in the trade and bills payables, to suppliers.

- (a) The ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>30 September 2024</b>	31 March 2024
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 90 days	<b>385,133</b>	471,634
91 to 180 days	<b>185,980</b>	151,274
181 to 365 days	<b>239,658</b>	176,240
Over 1 year	<b>186,814</b>	212,482
	<b>997,585</b>	1,011,630

## 7. TRADE AND BILLS RECEIVABLES *(continued)*

(b) The maturity dates of the bills receivable as at the end of the reporting period are analyzed as follows:

	<b>30 September</b>	31 March
	<b>2024</b>	2024
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 90 days	<b>190,950</b>	139,352
91 to 180 days	<b>207,290</b>	129,552
181 to 365 days	<b>9,388</b>	18,226
Over 1 year	<b>31,639</b>	19,544
	<u><b>439,267</b></u>	<u>306,674</u>

## 8. FINANCE LEASE RECEIVABLES

The Group leases certain of its injection moulding machines to its customers. These leases are classified as finance leases and have remaining lease terms ranging from 1 month to 4 months (31 March 2024: 1 month to 10 months). The customers shall purchase the leased injection moulding machines at the end of lease terms of the finance leases.

	<b>30 September</b>	31 March
	<b>2024</b>	2024
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Finance lease receivables	<b>4,844</b>	5,944
Impairment	<b>(4,357)</b>	(4,334)
Finance lease receivables, net	<u><b>487</b></u>	<u>1,610</u>

## 8. FINANCE LEASE RECEIVABLES (continued)

The total future minimum lease receivables under finance leases and their present values as at the end of the reporting period are analyzed as follows:

	Minimum lease receivables		Present value of minimum lease receivables	
	30 September 2024 <i>HK\$'000</i>	31 March 2024 <i>HK\$'000</i>	30 September 2024 <i>HK\$'000</i>	31 March 2024 <i>HK\$'000</i>
Amounts receivable:				
Within one year	<u>495</u>	<u>1,665</u>	<u>487</u>	<u>1,610</u>
Total minimum finance lease receivables	495	1,665	487	1,610
Unearned finance income	<u>(8)</u>	<u>(55)</u>	<u>=====</u>	<u>=====</u>
Total net finance lease receivables	<u>487</u>	<u>1,610</u>		

No contingent income was recognized during the six months ended 30 September 2024 (2023: Nil).

## 9. TRADE AND BILLS PAYABLES

The ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 September 2024 <i>HK\$'000</i>	31 March 2024 <i>HK\$'000</i>
Within 90 days	453,580	408,225
91 to 180 days	174,773	128,443
181 to 365 days	140,430	73,350
Over 1 year	<u>14,988</u>	<u>13,092</u>
	<u>783,771</u>	<u>623,110</u>

The trade and bills payables are non-interest-bearing and are normally settled on terms of 3 months to 6 months (31 March 2024: 3 months to 6 months). Included in the trade and bills payables are trade payables of HK\$10,719,000 (31 March 2024: HK\$13,322,000) due to associates which are repayable within 30 days.

## **INTERIM DIVIDEND**

The Board has resolved to declare an interim dividend of HK3.8 cents (2023: HK3.0 cents) per ordinary share for the six months ended 30 September 2024 to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 18 December 2024. The interim dividend will be paid on or about Tuesday, 14 January 2025.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Tuesday, 17 December 2024 to Wednesday, 18 December 2024, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 16 December 2024.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **BUSINESS PERFORMANCE**

For the six months ended 30 September 2024, the Group registered a 21% increase in turnover to HK\$1,209 million (2023: HK\$1,002 million). Profit attributable to equity holders also rose 29% to HK\$65.2 million (2023: HK\$50.5 million). Basic earnings per share was HK10.3 cents (2023: HK8.0 cents). The Board has resolved to declare an interim dividend of HK3.8 cents (2023: HK3.0 cents) per share.

During the first half of this financial year, global growth rates slowed down markedly. Growth returned but at the expense of the world becoming increasingly polarised, which indicated deeper structural problems at play. The word "polarisation" frequently showed up in reports from many international institutions when describing current world conditions, both politically and economically. For instance, economy of the USA showed strong resilience while most in the Eurozone hovered across the edge of recession. Developing countries, while growing at a faster pace than the developed world, were also polarised with Asia growing faster than others, but in general all of them continued to suffer from declining growth rates and in some countries, weak currencies. It shows the impact on the global economy from the three years of pandemic upheaval and the global interest rate hike cycle.

Even though global inflation had finally been tamed, economic headwinds were strengthening worldwide, with escalating geopolitical tensions, protectionism and populism rearing their heads and moving to the forefront due to financial instability from prolonged periods of monetary tightening. As many countries across the global, covering 40% of world population and GDP, had general elections in 2024, with incumbents voted out and new governments making substantial changes to trade and financial policies, the only predictable outcome is more uncertainty and volatility, which may lead to a world economy increasingly out of balance.

Economists generally agree that the escalating sovereign debt scale has reached dangerous levels and will further threaten world economic stability. As the global interest rate hike run its course, most countries which took on debt to sustain themselves during the pandemic years now face themselves with interest bills beyond their abilities to repay, with risks of default escalating daily. Even though the Federal Reserve of the USA recently started dropping rates, the jury is still out with regards to whether it is too little, too late.

Global economic growth remained sluggish in 2024, compared to the rest of the world, the economy in Mainland China managed to show remarkable resilience, with GDP growth maintaining at the good level of 5% under almost no inflation pressure. In fact, many real-market indicators such as total freight volume and electricity consumption all registered good growth, indicating strength in industrial production. This could be due to many regional governments introducing stimulation policies such as rebates for the purchase or replacement of consumer goods or electrical appliances. EV's (electric vehicles) captured the eyes of the entire world and lifted itself to stardom. Even the real estate market, subdued for years due to policy controls, seemed to be finally rebounding.

By the second half of this financial year, Mainland China, as the second largest consumption market in the world, the second largest import market, and the largest market for automotive, electronic goods and online retail, will continue to act as one of the main engines driving global economic recovery. Overall, the Group also benefited from strength in the Mainland China market to register a good growth in turnover in the first half of this financial year.

## MARKET ANALYSIS

Breakdown of turnover, based on the location of customers, for the six months ended 30 September 2024 is as follows:

<b>Customer Location</b>	<b>2024</b> <i>(HK\$ million)</i>	<b>2023</b> <i>(HK\$ million)</i>	<b>Change</b>
Mainland China and Hong Kong	<b>891</b>	727	+23%
Taiwan	<b>21</b>	18	+17%
Other overseas countries	<b>297</b>	257	+16%
	<b>1,209</b>	1,002	+21%

During the course of this financial year, the Mainland China economy remained generally stable, with GDP growth around 5%. In the first quarter of this financial year, the market was benefited from the Central Government's stimulation policies for infrastructure and manufacturing investments, especially strong promotion of EV's (electric vehicles) and subsidies for home appliance replacement, as well as stabilized real estate market and higher-than-expected fiscal expenditures, which helped improved general market sentiment. Even with growing industrial activities in most regions, however, such strength did not last into the second and third quarters, when consumer activities began to show clear trends of slowing down and capacity utilisation declining. The nemesis currently haunting Mainland China is deflation, which contributes to an uncertain outlook for the second half of this financial year. Businesses in all market segments and industries were consumed in an endless "vicious cycle" leading to cut-through price competition and general margin squeezes.

Nevertheless, many international institutions still showed remarkable confidence in the stabilization policy by maintaining their forecasts of China's annual GDP growth to 5%. During the course of this financial year, the Central Government has poured resources into technological innovation and development, especially in the areas of digital and large-scale automation manufacturing, rapidly moving towards their goal of "New Quality Productivity." Many customers turned to upgrading their existing equipment with newer, more efficient, more automated and more connected models, which played well towards the Group's product development focus in recent years. As a result, many of the Group's newly-launched application-specific product lines quickly captured acceptance, reputation and market share in a number of diverse market segments. This allowed the Group to grow total turnover in Mainland China by 23% to HK\$891 million (2023: HK\$727 million).

Taiwan customers benefited from the strong USA market to register a 17% growth in turnover to HK\$21 million (2023: HK\$18 million) in the first half of this financial year, though not yet recovering to past peak levels.

International markets were severely polarised during this financial year, with some regions showing good recovery while others faced difficulties. The USA benefited from interest rate hike and a strong dollar policy, enabling it to register strong economic growth while other among major powers (except China) continued to suffer. Nevertheless, the high interest bill due to rate hikes and ever-escalating government debt levels casted uncertainties upon the sustainability of such growth. Meanwhile, the Eurozone continued to struggle from geopolitical conflicts and high energy prices, with most countries hovering close to recession. Larger developing countries, such as Turkey and Brazil, were unable to avoid currency depreciation due to the interest rate gap, severely hampering their recoveries. On the other hand, Asia remained bright beacon during these difficult times, especially India, Indonesia, Vietnam, Thailand and Malaysia, which regained remarkable momentum. Consequently, the Group's total turnover in international markets increased by 16% to HK\$297 million (2023: HK\$257 million).

Many Chinese companies opted to move some manufacturing capacity to overseas countries in order to get around current trade barriers. This is a strong call-to-action for building up and enhancing the Group's global technical service network and capabilities. During this financial year, the Group opened new overseas technical service centres, expanded the existing service infrastructure in Brazil, India and Vietnam, and started localising technical service in many key countries in order to get closer to markets and customers, as well as to serve as a solid foundation for future development.

## **DEVELOPMENT OF NEW TECHNOLOGIES AND NEW PRODUCTS**

The Group managed a number of product line extensions during this financial year, launching the first 550-ton two-platen model, new 300-ton and 360-ton all-electric models, 570-ton and 670-ton hybrid models, and a 568-ton multi-material model. In specialized segments, the Group also introduced a two-colour machine with micro-foaming, a switchable dual-injection-unit machine for optical automotive parts, a complete series for producing pales, and the SUPER-PACK – the new generation of thin-walled packaging machines. These new line extensions increased the Group's market reach in the target segments, providing higher adaptability and production efficiency for customers.

In the area of fundamental research, the Group's R&D team also achieved the following breakthroughs:

1. Ultra-large shot-pot injection unit for products up to 280kg in shot-weight, successfully introduced on a 4,500-ton two-platen machine due to be delivered overseas during this financial year;
2. With the Group's profound and long history in the field, successfully won the 2023 award of accreditation for "Chen Hong Advanced Research Centre for Injection Moulding Technology" by the Department of Science and Technology of Guangdong Province.

## **PRODUCTION AND COST CONTROL**

Joining hands with Rockwell Automation in the USA, the Group embarked on a multi-phase project to upgrade its manufacturing infrastructure with cutting-edge smart factory technology, the ultimate goal being to bring digital technology and intelligence into the existing production process. This project aims to upgrade the Group's systems to modern MES and OTS platforms with real-time monitoring of the entire manufacturing process, complete OTD (order-to-delivery) visibility and traceability, as well as efficient control of the business cycle.

In addition, the Group also added a number of large CNC machining centres as well as advanced CMM machines for high-precision inspections in order to enhance product quality consistency. A new 20,000-square-metre shop floor was also added exclusively for the production of two-platen and three-platen large-tonnage machines, with further infrastructural upgrades to the existing shop-floors to raise production capacity of two-platen machines.

## **LIQUIDITY AND FINANCIAL CONDITIONS**

As at 30 September 2024, the Group had net current assets of HK\$2,023 million (31 March 2024: HK\$1,985 million), which represented a 2% increase as compared to that as at 31 March 2024. Cash and bank balances (including pledged deposits) amounted to HK\$894 million (31 March 2024: HK\$874 million), representing an increase of HK\$20 million as compared to that as at 31 March 2024. As at 30 September 2024, the Group had no bank borrowings (31 March 2024: Nil). The Group recorded a net cash position of HK\$894 million (31 March 2024: HK\$874 million), representing an increase of HK\$20 million as compared to that as at 31 March 2024.

The gearing ratio of the Group is measured as total borrowings net of cash and bank balances divided by total assets. The Group had a net cash position as at 30 September 2024. As a result, no gearing ratio was presented.

It is the policy of the Group to adopt a consistently prudent financial management strategy, sufficient liquidity is maintained to meet the funding requirements of the Group's capital investments and operations.



## **CHARGE ON ASSETS**

As at 30 September 2024, bank deposits of certain subsidiaries of the Group in the amount of HK\$30 million (31 March 2024: HK\$48 million) were pledged, including HK\$3 million (31 March 2024: HK\$3 million) for securing a bank loan granted by a bank in Mainland China to a customer to purchase the Group's products, and HK\$27 million (31 March 2024: HK\$45 million) for securing the issuance of bank acceptance notes, recorded in the trade and bills payables, to suppliers. In addition, bills receivable of a subsidiary of the Group in the amount of HK\$118 million (31 March 2024: HK\$73 million) was pledged for securing the issuance of bank acceptance notes, included in the trade and bills payables, to suppliers.

## **CAPITAL COMMITMENTS**

As at 30 September 2024, the Group had capital commitments of HK\$11 million (31 March 2024: HK\$6 million), mainly in respect of the upgrading of industrial facilities and the purchases of production equipment in Mainland China, which are to be funded by internal resources of the Group.

## **SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS**

The Group did not make any significant investments, acquisitions or disposals in relation to its subsidiaries and associated companies during the six months ended 30 September 2024.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

As at 30 September 2024, the Group had no specific plan for material investments or capital assets.

## **FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES BY THE COMPANY**

As at 30 September 2024, the Company had not provided any financial assistance and guarantees to affiliated companies which is subject to disclosure requirement under Rule 13.22 of the Listing Rules.

## **ADVANCE TO AN ENTITY PROVIDED BY THE COMPANY**

As at 30 September 2024, the Company had not provided any advance to an entity which is subject to disclosure requirement under Rule 13.20 of the Listing Rules.

## **TREASURY AND FOREIGN EXCHANGE RISK MANAGEMENT**

The Group adopts a prudent approach in managing its funding. Funds, which are primarily denominated in Hong Kong Dollar, the Renminbi, the New Taiwanese Dollar, the U.S. Dollar and the Euro, are generally placed with banks in short or medium term deposits for working capital of the Group.

The Group, from time to time, assesses the risk exposure on certain volatile foreign currencies and manages it in appropriate manner to minimize the risk.

The Group has substantial investments in Mainland China and is aware that any fluctuation of the Renminbi would have an impact on the net profits of the Group. However, since most of the transactions of the Group are conducted with the Renminbi, the exchange differences have no direct impact on the Group's actual operations and cash flows.

### **CONTINGENT LIABILITIES**

As at 30 September 2024, the Group provided guarantee to a bank amounted to HK\$1 million (31 March 2024: HK\$1 million) for a bank loan granted to a customer to purchase the Group's products.

### **HUMAN RESOURCES**

As at 30 September 2024, the Group had approximately 2,500 (31 March 2024: 2,400) full-time employees. The Group offers good remuneration and welfare packages to its employees and maintains market-competitive pay levels. Employees are rewarded based on individual performance as well as the results performance of the Group.

The Group conducted regular programs, including comprehensive educational and professional training, and social counselling activities, to its employees to enhance staff quality, standards of professional knowledge and teamwork spirit.

### **OUTLOOK FOR THE SECOND HALF**

The second half of this financial year is shrouded with uncertainties mainly due to the USA presidential election. There is little consensus among economists regarding the future direction of key Sino-USA trade relations, multiple geopolitical conflicts and worldwide interest rate trends. Furthermore, the pending Indian anti-dumping investigations on China-made injection moulding machines, the outcome of which will undoubtedly affect this important international market.

The Group projects that, during the second half of this financial year, Mainland China and international market will likely face multi-faceted challenge. Before a ray of sunshine through the gloomy sky, global customers will become more conservative with regards to capital investment, which will inevitably lead to more intense price competition. The Group's strategy for the second half of the financial year is thus to move cautiously and invest additional resources into market promotion, channel development and technological innovation, in anticipation to the upcoming onslaught.

## **CORPORATE GOVERNANCE CODE**

Throughout the six months ended 30 September 2024, the Company has complied with all the code provisions of the Corporate Governance Code (the “Code”) as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except for the following deviations:

Code provision B.2.2 in Part 2 of the Code provides that every director should be subject to retirement by rotation at least once every three years. The directors of the Company (except the Chairman of the Company) are subject to retirement by rotation at least once every three years as the Chen Hsong Holdings Limited Company Act, 1991 of Bermuda provides that the chairman and the managing director of the Company are not required to retire by rotation.

Code provision C.2.1 in Part 2 of the Code provides that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Ms. Lai Yuen CHIANG is the Chairman of the Board and Chief Executive Officer of the Company. Given the skills and experience of Ms. CHIANG and her long term of service with the Group, this structure can be considered appropriate to the Group and can provide the Group with strong and consistent leadership for effective and efficient business planning and decisions, as well as execution of long term business strategies.

## **RISK MANAGEMENT AND INTERNAL CONTROL**

Effective risk management plays an integral role in the overall achievement of the Group’s strategic objectives which are to ensure the resilience of its business for the long term. The Audit Committee continued to review the Group’s risk management and internal control systems during the six months ended 30 September 2024 and up to the date of this announcement. Details of the Group’s risk management and internal control systems were set out in the sections headed “Risk Management and Internal Control” on pages 48 to 49 in the Corporate Governance Report of the Company’s Annual Report 2023/24.

## **COMPLIANCE WITH THE MODEL CODE AND THE CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS**

The Company has adopted a Code of Conduct regarding Securities Transactions by the Directors (the “Code of Conduct”) on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix C3 to the Listing Rules. The Company, after having made specific enquiry of all directors, confirms that all directors have complied with the required standard set out in the Code of Conduct and the Model Code throughout the six months ended 30 September 2024.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2024.

## **REVIEW OF ACCOUNTS**

The Audit Committee of the Company has reviewed with the Management the unaudited interim results for the six months ended 30 September 2024 and discussed internal controls and financial reporting matters, including the review of accounting principles and practices adopted by the Group.

On behalf of the Board  
**CHEN HSONG HOLDINGS LIMITED**  
**Lai Yuen CHIANG**  
*Chairman and Chief Executive Officer*

Hong Kong, 28 November 2024

*As at the date of this announcement, the executive directors of the Company are Ms. Lai Yuen CHIANG and Mr. Stephen Hau Leung CHUNG, and the independent non-executive directors of the Company are Mr. Harry Chi HUI, Mr. Anish LALVANI, Mr. Michael Tze Hau LEE and Mr. Johnson Chin Kwang TAN.*